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TELEGRAM

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ACTION AF-13

INFO OCT-01 EUR-14 INT-06 QEP-01 AID-20 CIAE-00 COM-08
E-11 FRB-02 INR-06 NSAE-00 RSC-01 TRSE-00 XMB-06
OPIC-12 TRSY-11 CIER-01 LAB-06 SIL-01 SAL-02 NSC-10
SS-14 STR-08 DODE-00 P-03 USIA-12 PRS-01 RSR-01 L-03
H-02 /176 W

R 291101Z SEP 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 8116
INFO AMEMBASSY BENGHAZI
AMEMBASSY LONDON

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY of 009682 DATE 6/18/81
RDS ☐ or XDS ☐ EXT. DATE
TS AUTH. ☐ REASON(S) ☐
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☒ RELEASABLE ☒
RELEASE DENIED ☐
PA or FOI EXEMPTIONS ☐

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SUBJ: LARG CONFIRMS OIL COMPANIES TO MAKE INCREASED PAYMENTS IN
TERMS OF DOLLARS

REF: TRIPOLI 1777

1. REFTEL REPORTED OIL COMPANIES LIBYA, AFTER SOME HESITATION,
PAID THEIR LATEST DUES TO LARG IN LIBYAN DINARS WHICH HAD JUST
BEEN REVALUED AGAINST U.S. DOLLARS ABOUT 3 1/2 PERCENT (I.E. ABOUT
\$2.90 PER DINAR VERSUS PREVIOUS RATE OF ABOUT \$2.80 PER POUND/
DINAR). THOSE DUES WERE FOR EXPORTS IN SECOND QUARTER 1971. AT
LEAST SOME COMPANIES WONDERED, HOWEVER, WHETHER THEIR PAYMENTS TO
LARG FOR THIRD QUARTER 1971 WOULD BEGIN TO BE CALCULATED AT NEW
\$2.90 RATE, THUS IN EFFECT NEGATING EFFECTS ON THEIR PAYMENTS OF
THE REVALUATION OF POUND/DINAR.

2. ANY HOPES ALONG THESE LINES HAVE NOW BEEN DASHED BY CIRCULAR
LETTER TO OIL COMPANIES FROM PETROLEUM MINISTER MABRUK. LETTER

IS DATED SEPTEMBER 26, DAY AFTER MABRUK RETURNED FROM BEIRUT OPEC
MEETING AND TOLD PRESS: "WE ARE ABOUT TO TAKE MEASURES AS EARLY AS

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POSSIBLE FOR MAINTAINING THE ACTUAL PRICE OF OIL PER BARREL" (TRIPOLI 1848, PARA E). OPERATIVE SENTENCES OF HIS LETTER ARE AS FOLLOWS: QUOTE WE WISH TO INFORM YOU THAT OWING TO RECENT CIRCUMSTANCES CONNECTED WITH DEALINGS IN U.S. DOLLARS, THE MINISTRY OF PETROLEUM ANNOUNCES AS REGARDS PAYMENTS DUE ON COMPANIES AS FROM THE MONTH OF SEPTEMBER 1971 AND FUTURE PAYMENTS THAT THE U.S. DOLLAR EXCHANGE RATE ACCEPTABLE TO THE MINISTRY OF PETROLEUM IN RESPECT OF DETERMINATION OF THE SHARE OF THE L.A.R. GOVERNMENT IN OIL REVENUES WILL CONTINUE AT THE RATE OF \$2.80 PER LIBYAN DINAR. THIS RATE WILL CONTINUE TO BE VALID UNTIL INTERNATIONAL MONETARY MARKETS BECOME STABLE OR UNTIL THE MINISTRY OF PETROLEUM RECONSIDERS DETERMINATION OF THIS RATE IN LIGHT OF THE GENERAL INTEREST OF THE COUNTRY. CLOSE QUOTE,

3. COMMENT: KEY PHRASES IN MABRUK'S LETTER IS "IN RESPECT OF DETERMINATION OF THE SHARE OF THE L.A.R. GOVERNMENT IN OIL REVENUES WILL CONTINUE AT THE RATE OF \$2.80 PER LIBYAN DINAR." EFFECT OF FOREGOING IS TO ASSURE THAT LARG RECEIVES FULL DINAR VALUE OF OIL, WITH COMPANIES BEARING ENTIRE DEVALUATION BURDEN. EXEMPT PALMER

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